

Message Text

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C O N F I D E N T I A L PEKING 0019

LIMDIS

E.O.11652: GDS

TAGS: PFOR, CH, OREP

SUBJECT: TENG HSIAO-PING MEETING WITH CODEL HECKLER

REF: PEKING 11

1. SUMMARY: ON JANUARY 2, PRC VICE PREMIER TENG HSIAO-PING, ACCOMPANIED BY NPC STANDING COMMITTEE VICE CHAIRMAN LI SU-WEN FOR 2 HOURS MET WITH CODEL HECKLER. MADAME LI REMAINED SILENT THROUGH THE DISCUSSION. TENG CALLED PRESIDENT FORD'S VISIT A SUCCESS, LECTURED THE GROUP ON THE THREAT OF WAR, AND FORECAST CONTINUED IMPROVEMENT IN SINO-U.S. POLITICAL RELATIONS, SOME INCREASE IN BILATERAL TRADE, AND SOME PRC OIL SALES TO THE U.S. END SUMMARY.

2. PRESIDENT FORD'S VISIT. ASKED ABOUT THE DECEMBER VISIT OF PRESIDENT FORD TO THE PRC, TENG SAID THE CHINESE CONSIDERED THE VISIT A SUCCESS AND SIGNIFICANT. HE CHARACTERIZED THE PRESIDENT'S MEETING WITH MAO AS WIDE RANGING, FRANK, AND SINCERE, NOTED BOTH SIDES HAD EXPRESSED A COMMON DESIRE TO STRENGTHEN RELATIONS

IN ACCORDANCE WITH THE SHANGHAI COMMUNIQUE, AND SAID THE TWO SIDES CONSIDERED THAT THEY HAD MANY POINTS IN COMMON ON
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INTERNATIONAL ISSUES. HE SAID THE LACK OF A COMMUNIQUE WAS NOT

SIGNIFICANT AND REPEATED WE HAD MANY POINTS IN COMMON ON INTERNATIONAL ISSUES, ALTHOUGH OF COURSE FUNDAMENTAL DIFFERENCES REMAIN. HE LABELED NEGATIVE PRESS REPORTS--REFERRED TO BY THE QUESTIONER--"NOT RELIABLE."

3. WAR. TENG LECTURED THE CONGRESWOMEN AT LENGTH IN CONVENTIONAL TERMS ON SOVIET EXPANSIONISM, THE THREAT OF WAR, THE NEED FOR PREPAREDNESS, THE SOVIET "CAMOUFLAGE" OF DISARMAMENT AND DETENTE, THE DANGER OF SOVIET NUCLEAR AS WELL AS CONVENTIONAL SUPERIORITY OVER THE U.S. AND WESTERN EUROPE, THE DANGERS OF APPEASEMENT, AND THE IMPORTANCE OF A STRONG U.S.- WESTERN EUROPEAN PARTNERSHIP AS THE ONLY WAY TO FORCE THE SOVIETS TO ACT PRUDENTLY. ARGUING THAT CHINA WAS NOT WARLIKE, TENG SAID THE CHINESE NEEDED ONE HUNDRED YEARS TO DEVELOP THEIR ECONOMY BUT THAT IT WAS ALSO NECESSARY TO BE "REALISTIC" ABOUT THE DANGER OF WAR. ASKED IF A REDUCTION IN U.S. MILITARY EXPENDITURES WOULD AFFECT THE BASIS OF SINO-US FRIENDSHIP, TENG SAID THE LEVEL OF U.S. MILITARY EXPENDITURES MUST BE DECIDED UPON "BY YOURSELVES." CHINA, HE SAID, WAS MAKING SERIOUS PREPARATIONS FOR WAR - DEFENSIVE MEASURES PREPARING FOR AGRESSION BY OTHERS AND IT WAS STRENGTHENING ITS DEFENSE CAPABILITY AS IT DEVELOPED ITS NATIONAL ECONOMY.

4. SINO-US TRADE. ASKED ABOUT THE DECLINE IN SINO-U.S. TRADE, TENG ACKNOWLEDGED BILATERAL TRADE HAS DECLINED, BUT HE SAID THE PRACTICAL PROBLEM WAS CHINA'S ABILITY TO PAY FOR ITS IMPORTS. HE SAID THERE WERE GOOD PROSPECTS FOR TRADE RELATIONS BETWEEN THE U.S. AND CHINA TO DEVELOP--WITH OCCASIONAL FLUCTUATIONS FROM ONE YEAR TO THE NEXT--AS CHINA'S NATIONAL ECONOMY GREW. (COMMENT: HE DID NOT MENTION ANY POLITICAL FACTOR AS AN IMPEDIMENT TO INCREASED SINO-U.S. TRADE.)

5. OIL EXPORTS. TENG SAID THAT CHINESE OIL OUTPUT WAS STILL NOT VERY HIGH WITH ONLY A LITTLE OVER TEN MILLION TONS FOR EXPORT, BUT THAT PRC RESERVES WERE "NOT SMALL" AND EXPLOITATION PROSPECTS WERE GOOD. HE SAID IT WOULD BE POSSIBLE FOR CHINA TO INCREASE ITS OIL EXPORTS GRADUALLY. TENG ADDED THAT SOME AMERICAN CORPORATIONS HAD MADE INQUIRIES ABOUT PURCHASING CHINESE OIL, AND THAT AT THE OUTSET THERE MIGHT BE SOME TRADING ON A SMALL SCALE WHICH MIGHT THEN BE SOMEWHAT INCREASED.

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6. THOUGHTS FOR THE BICENTENNIAL. TENG CLOSED HIS REMARKS WITH THE HOPE THAT THE U.S. BICENTENNIAL YEAR WOULD BRING HAPPINESS TO THE CONGRESSWOMEN, THEIR FAMILITES, AND ALL AMERICANS; THAT THE YEAR WOULD FIND FRIENDLY RELATIONS BETWEEN THE U.S. AND CHINA CONTINUING TO DEVELOP ON THE BASIS OF THE SHANGHAI COMMUNIQUE; AND THAT THESE FRIENDLY RELATIONS WOULD LAST FOR GENERATIONS TO COME.

7. IN THEIR COMMENTS AND QUESTIONING, THE CONGRESSWOMEN POINTED OUT THEIR SUPPORT FOR MORE VISITS BY YOUNG AMERICANS, REUNIFICATION OF FAMILIES, AND FOR ISRAEL; THEIR DESIRE FOR TENG TO VISIT THE U.S.; AND THEIR CONCERN THAT PRC REFERENCES TO THE U.S. AS IMPERIALIST WOULD ERODE AMERICAN GOODWILL AND PRC SUPPORT FOR REVOLUTIONS WOULD PRODUCE SITUATIONS THE SOVIETS COULD EXPLOIT. TENG AVOIDED DIRECT RESPONSE ON MOST OF THESE POINTS, BUT DID OFFER A GENERAL EXPRESSION OF WELCOME FOR AMERICAN YOUNG PEOPLE WHO WOULD LIKE TO COME.

8. TEXT MEMCON FOLLOWS BY POUCH.
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